

Message Text

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ACTION ARA-14

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E.O. 11652: N/A
TAGS: EFIN, JM
SUBJECT: SPEECH BY SENATOR RICHARD FLETCHER ON ECONOMIC
OUTLOOK OVER NEXT SIX MONTHS

REFERENCE: KINGSTON 2615

THE DAILY GLEANER REPORTED ON PAGE 1 OF ITS MARCH 16
ISSUE THE SUBSTANCE OF AN ADDRESS GIVEN BY SENATOR
RICHARD FLETCHER, MINISTER OF STATE IN THE MINISTRY OF
FINANCE, TO BUSINESSMEN FROM THE JAMAICA EXPORTERS'
ASSOCIATION, THE JAMAICA MANUFACTURERS' ASSOCIATION AND
THE PRIVATE SECTOR ORGANIZATION AT THE PEGASUS HOTEL ON
MARCH 15. HE MADE SOME WIDE-RANGING REMARKS ON THE
ECONOMIC SITUATION THAT GENERALLY SUPPORT THE PICTURE
PROVIDED BY NEWLY APPOINTED FINANCE MINISTER ERIC BELL
ON MARCH 14, REPORTED IN REFTEL. SENATOR FLETCHER'S
MAIN POINTS ARE AS FOLLOWS:

1. JAMAICA'S MOST IMMEDIATE PROBLEM IS THE SHORTAGE OF
FOREIGN EXCHANGE. IT WILL BE "GRIEF FOR THE NEXT SIX
MONTHS." THE RESOLUTION OF THE FOREIGN EXCHANGE PROBLEM
IS GOING TO REQUIRE THE COMBINED EFFORTS OF THE PRIVATE
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AND PUBLIC SECTORS. THE TARGET OF \$500 MILLION SET BY
THE EXPORTERS' ASSOCIATION IS WITHIN THEIR GRASP.

2. A TREMENDOUS EFFORT WILL BE REQUIRED TO SOLVE THE
PROBLEM OVER THE NEXT HALF-YEAR. THE GOVERNMENT IS
BELIEVED TO HAVE "SUFFICIENT CREDIBILITY" WITH OVERSEAS
FUNDING SOURCES TO BE ABLE TO SOLVE THE PROBLEM OF DEBT

ARREARS.

3. PROJECTIONS FOR THE LONG-TERM SITUATION SHOW THAT THE SOLUTION WILL HAVE TO BE SOUGHT THROUGH PERFORMANCE AND PRODUCTION, AND THE PRIVATE SECTOR WAS NEEDED TO PLAY AN IMPORTANT PART.

4. THE GOVERNMENT'S POLICIES ARE ENCOUNTERING DIFFICULTIES. THE MIXED ECONOMY IS NOT WORKING FOR THREE MAIN REASONS: POLITICAL, PSYCHOLOGICAL AND BECAUSE OF "INAPPROPRIATE GOVERNMENT POLICIES". HE SAID THAT "SOME PEOPLE" DO NOT LIKE THE MIXED ECONOMY CONCEPT BUT APPEALED TO THEM NOT TO LET THE DISAGREEMENTS COLOR THEIR DECISIONS SINCE "THE DIE IS CAST FOR THE NEXT FOUR YEARS, AT LEAST." HE NOTED THAT WHILE SOME PEOPLE ARE GRADUALLY WORKING OFF THEIR FEARS, THE PROBLEM REMAINS TO BE TACKLED.

5. MANY PEOPLE ARE CONCERNED ABOUT THE SPREAD OF GOVERNMENT ACTIVITIES BUT THEY SHOULD REALIZE THAT THE GOVERNMENT IS HANDLING SOME ACTIVITIES IT DID NOT INTEND TO ENTER (SUCH AS THE CADBURY CO.). IT HAD BEEN COMPELLED TO ASSUME THIS EXPANDED ROLE OWING TO THE "WEAKNESS OF THE PRIVATE SECTOR", I.E. TO ASSUME THE CONTINUED OPERATION OF ENTERPRISES IN DIFFICULTY.

6. THE GOVERNMENT WISHES TO GIVE PRIORITY ATTENTION LIMITED OFFICIAL USE

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TO THE DEVELOPMENT OF THE STATE SECTOR WHILE LEAVING PRIVATE INTERESTS TO GIVE PRIORITY TO THEIR OWN SECTOR.

COMMENT: THIS SPEECH, FOLLOWING THAT OF FINANCE MINISTER BELL BY ONLY ONE DAY, PROVIDES ANOTHER INDICATION THAT THE GOVERNMENT IS FULLY AWARE OF THE SERIOUSNESS OF ITS BALANCE OF PAYMENTS AND FINANCIAL PROBLEMS AND MAY BE PREPARING TO TAKE SOME UNPOPULAR STEPS TO TACKLE THEM. IT ALSO UNDERSCORES THE GOVERNMENT'S REALIZATION THAT IT CANNOT REACH ITS OBJECTIVE WITHOUT THE CO-OPERATION OF THE PRIVATE SECTOR. ON THE OTHER HAND, THE SPEECH ALSO MAKES IT CLEAR THAT THE GOVERNMENT HAS NO INTENTION OF COMPROMISING ITS "MIXED ECONOMY" CONCEPT AND THAT THE PRIVATE SECTOR WILL HAVE TO ACCEPT THE FRAMEWORK THAT THE GOVERNMENT HAS ESTABLISHED FOR "THE NEXT FOUR YEARS, AT LEAST". IT REMAINS TO BE SEEN WHETHER THE PRIVATE SECTOR IS PREPARED TO PLAY THE ACTIVE ROLE THAT THE GOVERNMENT ENVISAGES WITHIN THE CONSTRAINTS THAT IT HAS SET.
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